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*Summary*  
Draft Incorporating Suggestions of 14 October Meeting

PROPOSAL TO PERMIT THE STRENGTHENING  
OF INTELLIGENCE ACTIVITIES

Problem:

1. To determine ways and means whereby the DCI can ensure that the intelligence components which make up the federal intelligence system obtain sufficient funds to be able to undertake intelligence activities essential to the national security.

Discussion:

2. It is clear that the intent of the National Security Act and the NSCIDs is that the Agencies represented on the Intelligence Advisory Committee are to operate insofar as possible as a system, interrelated and interdependent. While the Act and the Directives accord due respect to the fact that the individual intelligence agencies must meet their departmental responsibilities, the separate agencies are to be so managed as to achieve coordinated intelligence in the interest of national security.

3. The injunction in the Law that the Central Intelligence Agency (and therefore, in NSCID-1, the Director, with the concurrence or dissent of the IAC) is to recommend to the NSC measures necessary for the coordination of such intelligence activities as relate to the national security has a positive implication: that those activities are to be made stronger, more effective, and more efficient. A weakness developing with respect to any of the agencies is immediately the concern of the responsible intelligence chief. If the weakness will affect the national security, it also becomes the concern of the DCI. In some such cases, the weakness can be corrected by the responsible chief alone; in others, the correction may transcend his ability, in which event the support of the DCI and the IAC, or the NSC, may properly be required.

*1 AC - State (Memo 21 Oct to IAD's attached)*

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4. By virtue of Mr. Armstrong's letter (see Tab B, which was discussed by the IAC on 15 September 1953, IAC-M-121) a point has been reached where we must examine whether or not a Congressional or departmental decision to reduce an intelligence activity which relates to the national security can remain solely a departmental matter. While this particular case involves a weakening of certain activities in the Foreign Service, comparable reductions in military agencies' reporting capabilities or in the intelligence agencies' production capabilities might well have similar adverse effects on the national security.

5. In order for the federal intelligence system to be maintained in a healthy state and its integral parts balanced insofar as possible, it appears that the following course of action would be desirable:

The DCI, after consultation with the responsible department or agency head and the IAC, shall provide appropriate comment in the presentation of departmental budgets for foreign positive intelligence activities to the Bureau and the Congress and, if necessary, to the department or agency concerned when it comes to allocation of its appropriation among the various components of that department or agency. This is to ensure that the Bureau of the Budget, the Congress, and the department or agency, in considering a department appropriation, will have full cognizance of the foreign positive intelligence implications of functions which otherwise might be thought to be exclusively to meet departmental needs.

6. To date, CIA has not, by and large, carried out the procedure described in 5 above. Under existing general reimbursement authority CIA might, where necessary, provide funds to another agency. At present the Agency reimburses the State Department for the following intelligence services:

a) National Intelligence Survey, in order to carry out for the DCI in the most efficient way his responsibility for NIS.

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b) External Research staff, on the ground that such coordinating efforts could be best operated out of the Department of State and for the benefit of the community, including CIA.



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7. In none of the foregoing instances was CIA specifically directed by the NSC to reimburse the Department of State for services rendered, though in the external research case the concurrence of the Psychological Strategy Board was sought and obtained. As far as is known, CIA has not provided funds to the military intelligence agencies for services rendered, although at one point during the last year, G-2 was favorably considering the possibility of receiving NIS funds along the line of the State Department arrangement.

8. These examples are set forth and the question of existing reimbursement authority raised in this paper only to recognize that there are certain departmental intelligence activities which would not normally be performed to meet the minimum needs of either the department or the intelligence community and which therefore require the provision of funds by CIA by reason of its responsibilities under the Act and to the NSC.

Recommendations:

9. That the IAC concur in the proposed revisions in the NSCIDs 1 and 2 as follows:

New para.  
13, NSCID-1

The DCI, after consultation with the responsible department or agency head and the IAC, shall provide appropriate comment in the presentation of departmental budgets for foreign positive intelligence activities to the Bureau and the Congress and, if necessary, to the department or agency concerned when it comes to allocation of its appropriation among the various components of that department or agency. This is to ensure that the Bureau of the Budget, the Congress, and the department

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or agency, in considering a departmental appropriation, will have full cognizance of the foreign positive intelligence implications of functions which otherwise might be thought to be exclusively to meet departmental needs

NSCID-1  
para. 4

The collecting and reporting facilities of each of the agencies shall be utilized so as to avoid unproductive/ duplication and uncoordinated/ overlap and to ensure within budgetary limitations/ within the capabilities of the intelligence community that full flow of intelligence information which is the major need of all/ required by the respective departments and agencies for the accomplishment of their respective missions and for the production of national intelligence. (Deletion in brackets, insertion underlined.)

10. That the IAC approve the following procedure to implement the foregoing policy:

The DCI shall, in cooperation with the departments or agencies individually or collectively as necessary, define those departmental intelligence activities which are deemed to have foreign positive intelligence implications. The DCI shall be provided sufficiently in advance of the department or agency's presentation to the Bureau and the Congress with the necessary departmental budget data to permit him to provide appropriate comment to the Bureau and the Congress. Upon approval of appropriation by Congress, the recipient department or agency shall make available to the DCI at the earliest possible date the tentative departmental allocation for the intelligence activities in question, in order that the DCI may, if necessary, make an appropriate presentation to the department or agency concerned, including comment on complications other than financial, such as those arising from the imposition of personnel ceilings.